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**Sales of Internet Access and Related Services****Sales &  
Use tax  
notice**

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This notice is to clarify the taxability of Internet access services. Internet access and e-mail service include a telecommunication. To be taxable, the telecommunication service must: a) originate or be received in Tennessee, and b) the service must be provided to a location within Tennessee or billed to a Tennessee address. The service is considered originated or received at the point which the subscriber accesses the Internet provider's services. In general, if a subscriber accesses the service by dialing a local telephone number or a toll-free number, then the service is considered to be originated or received in Tennessee. These services that are then provided to a location within Tennessee or billed to a Tennessee address are taxable. Initial sign-up fees for Internet access are also subject to sales tax.

If a Tennessee subscriber accesses the service by dialing an out-of-state long distance number, and pays the long-distance toll to his or her long distance service provider, then the service is not subject to sales tax because the service is not originated or received in Tennessee. (In this situation, the taxable

telecommunication service is provided by the subscriber's long distance carrier.)

Information services, such as databases for current news or electronic bulletin boards, are not taxable as sales of telecommunication services. If the invoice does not separately state the charge for the information service (the nontaxable charge) and the charge for telecommunication service (the taxable charge), then the entire invoice is subject to sales tax.

The sale of Internet access is taxable at the state tax rate of 6%. A local rate of 1.5% applies to interstate telecommunications, including Internet access.

An Internet access provider may purchase exempt from tax the telecommunication services which it resells to subscribers. The provider must present a resale certificate for the telecommunication services that are for resale.

Have questions or comments? Please let us know. [Contact us.](#)

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